

## Budget Glossary

### Appropriations

The process by which Congress provides budget authority -- usually through the enactment of 13 separate appropriations bills. An act of Congress that permits federal agencies to incur obligations and make payments out of the Treasury for specified purposes. An appropriation usually follows the enactment of authorizing legislation. An appropriation is the most common means of providing budget authority, but in some cases the authorizing legislation itself provides the budget authority. Appropriations represent the amounts that agencies may obligate during the period of time specified in the act. Annual appropriations are provided in appropriations acts; most permanent appropriations are provided in substantive law. 1

### Balanced Budget

A budget in which receipts equal or exceed outlays. 2

### Baseline

The baseline is a projection of the revenues, outlays and other budget amounts that would ensue in the future under assumed economic conditions and participation rates, without any change in existing policy. The baseline can be computed for one or more years, for the budget totals or for particular accounts and programs, and for different assumptions about future conditions. Baseline projections are used in preparing the budget resolution and in estimating deficit reductions in reconciliation bills and other legislation. 3

### Budget Authority

Authority to enter into obligations which will result in immediate or future outlays involving federal funds. 4

### Budget Resolution

A concurrent resolution passed by both houses of Congress, but not requiring the President's signature, setting forth or revising the congressional budget for each of five fiscal years. The budget resolution sets forth various budget totals (aggregate levels) and functional allocations, and may include reconciliation instructions to designated House or Senate committees. One budget resolution is scheduled for adoption each year, by April 15. 5

### Congressional Budget Office

Established in 1974 to assist Congress in strengthening its control over the federal budget. CBO provides information and

analysis on economic trends and budget requirements. CBO also functions as a "scorekeeper" in the congressional budget process, comparing current authorizations and appropriations to ceilings on overall government expenditures, budget authority and outlays set by Congress' annual budget resolution. 6

#### Continuing Resolution

A joint resolution enacted by Congress (when the new fiscal year is about to begin or has begun) to provide budget authority for federal agencies and programs to continue in operation until the regular appropriations acts are enacted. The continuing resolution may specify the rate at which the agency may incur obligations (based on the rate of the prior year, the President's budget request or the amount passed by either or both houses of Congress), or it may provide definite appropriations in the same form as a regular appropriations act. 7

#### Debt

The cumulative amount of federal borrowing to finance deficits, minus repayments.

#### Deficit

The amount by which outlays exceed revenues each year, which the federal government must borrow.

#### Discretionary Spending

Spending on programs that Congress can finance as it chooses through appropriations. Most of the apparatus of the federal government and almost everything the government does except to pay entitlement benefits to individuals is financed by discretionary spending. Examples include all federal agencies, Congress, the White House, the courts, the military and activities from space exploration to child nutrition. About a third of all federal spending falls into this category. 8

#### Entitlements

Programs whose eligibility requirements are written into law. Any individual or other entity that meets whose requirements is entitled to the money, which the government must spend until Congress changes the law. 9

#### Fiscal Year

The federal government's budget year which begins on October 1 and ends on September 30. The fiscal year is designated by the calendar year in which it ends. 10

### Mandatory Spending

Made up mostly of entitlements. Examples include Social Security, Medicare, Medicaid, unemployment benefits, food stamps and federal retirement. Another major category of mandatory spending is the interest paid to holders of federal government bonds. Social Security and interest payments are permanently appropriated. And although budget authority for some entitlements is provided through the appropriations process, appropriators have little or no control over the money. Altogether, mandatory spending accounts for about two-thirds of all federal spending. 11

### Office of Management and Budget

Established in 1970 to provide the data necessary for the compilation of the President's comprehensive annual budget. OMB drafts the President's budget message and prepares the budget documents. When appropriations bills pass in Congress, OMB apportions the money to agencies, which in turn allot money to programs and activities. 12

### Reconciliation

The reconciliation process -- in which tax laws and spending programs are changed, or reconciled, to achieve outlay and revenue targets set in the congressional budget resolution -- was established by the 1974 Congressional Budget Act. It was first used in 1980 and has become a mainstay of deficit-reduction efforts since. 13

### Revenues

Taxes, customs, duties, some user fees and most other receipts paid to the federal government. 14

**Tax Expenditures** Revenue losses attributable to provisions of the federal tax law that allow a special exclusion or deduction from gross income, or that provide a special credit, preferential tax rate or deferral of tax liability. Tax expenditures may be considered subsidies provided through the tax system to encourage certain activities and to assist certain groups. Tax expenditures involve no payment of funds from the government to the private sector. Rather, the Treasury forgoes some of the receipts that it otherwise would have collected, and the beneficiary taxpayers pay lower taxes than they otherwise would have had to pay. 15

1 Congressional Quarterly's Understanding Congressional Budgeting  
Budget Handbook, Washington, DC: Congressional Quarterly Inc.,  
VIII-2.

2 Congressional Quarterly's Understanding Congressional Budgeting,

- VIII-2.  
3 Congressional Quarterly's Understanding Congressional Budgeting, VIII-2.  
4 Congressional Quarterly's Understanding Congressional Budgeting, VIII-3.  
5 Congressional Quarterly's Understanding Congressional Budgeting, VIII-3.  
6 Congressional Quarterly's Understanding Congressional Budgeting, II-9.  
7 Congressional Quarterly's Understanding Congressional Budgeting, VIII-4.  
8 Congressional Quarterly Weekly Report, 11 February 1995.  
9 Congressional Quarterly Weekly Report, 11 February 1995.  
10 Congressional Quarterly's Understanding Congressional Budgeting, VIII-6.  
11 Congressional Quarterly Weekly Report, 11 February 1995.  
12 Congressional Quarterly's Understanding Congressional Budgeting, II-3.  
13 Congressional Quarterly Weekly Report, 11 February 1995.  
14 Congressional Quarterly Weekly Report, 11 February 1995.  
15 Congressional Quarterly's Understanding Congressional Budgeting, VIII-12.

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